



GAIL FARBER, Director

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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ADDRESS ALL CORRESPONDENCE TO:
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June 21, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

31 June 21, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**APPROVE AIRPORT RENTAL RATE ADJUSTMENTS FOR THE
FIVE COUNTY AIRPORTS: SAN GABRIEL VALLEY, COMPTON/WOODLEY, WHITEMAN,
BRACKETT FIELD, AND GENERAL WILLIAM J. FOX AIRFIELD
(SUPERVISORIAL DISTRICTS 1, 2, 3, AND 5)
(3 VOTES)**

SUBJECT

This action is to approve the rental rate adjustments for aircraft hangars at the five County airports: San Gabriel Valley in the City of El Monte, Compton/Woodley in the City of Compton, Whiteman in the Pacoima area of the City of Los Angeles, Brackett Field in the City of La Verne, and General William J. Fox Airfield in the City of Lancaster.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the action set forth in this Board letter is not a project pursuant to the California Environmental Quality Act.
2. Approve the rental rate adjustments for aircraft hangars at the five County airports: San Gabriel Valley in the City of El Monte, Compton/Woodley in the City of Compton, Whiteman in the Pacoima area of the City of Los Angeles, Brackett Field in the City of La Verne, and General William J. Fox Airfield in the City of Lancaster, effective upon Board approval.
3. Instruct the Director of Public Works or her designee to notify the County's Airport Management Contractor, American Airports Corporation, of the rental rate adjustments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to obtain the Board's approval of rental rate adjustments, specifically a 27.7 percent increase in the nonaviation surcharge, for aircraft hangars at the five County airports: San Gabriel Valley, Compton/Woodley, Whiteman, Brackett Field, and General William J. Fox Airfield to become effective upon Board approval and instruct the Director of Public Works or her designee to notify the County's Airport Management Contractor, American Airports Corporation, of the rental rate adjustments.

Background

On January 22, 1991, Synopsis 62, the Board approved a contract for a private firm to manage, operate, and maintain the County-owned airports. On March 16, 2016, the Board approved Amendment No. 6 to the contract, authorizing many changes to various contract terms and provisions, including various scope of work items, increased payments to the County, reduced contract costs, adoption of the current Living Wage Program requirements, and extension of the term of the contract by 5 years. The contract provides for the Board to retain control over the rental rates, but the contractor is allowed to seek adjustments in the rental rates once per year.

The contractor's payments to the County were increased on May 1, 2016, by 3 percent in accordance with the terms of the contract. The contractor has historically requested to increase aircraft hangar rents based on an equal percentage increase in the contractor's payments to the County. In an effort to reduce vacancies of hangars utilized for aircraft storage at the County-owned airports, the contractor at this time has opted to forego an increase in rental rates for aircraft hangars utilized for aviation purposes. However, to bring the nonaviation surcharge, the additional rent imposed for those using aircraft hangars for nonaviation purposes, further in line with market rates for off-airport storage facilities, the contractor has requested to increase the nonaviation surcharge by 27.7 percent. This would increase the nonaviation surcharge from 37.3 percent to 65 percent of the aviation rental rate. The proposed increase in the nonaviation surcharge will become effective upon the Board's approval.

The Department of Public Works finds the rental rate adjustments are reasonable and justified.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness/Fiscal Sustainability (Goal 1). This action will provide the Aviation Enterprise Fund with sufficient funds necessary to fund improvements to the airport facilities, maintenance of airport infrastructure, and will generate sufficient revenue to allow the contractor to offset costs to continue providing the established level of service and operation to airport users in a safe and effective manner.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

The recommended rental rates will become effective upon Board approval. The proposed adjustments to the monthly rents for aircraft hangars approved for nonaviation storage at the County-owned airports represent a potential increase in annual revenue from nonaviation

hangar rent of approximately \$91,800. All revenue generated from aircraft hangar rents will be shared between the contractor and the Aviation Enterprise Fund at a rate of 55 percent and 45 percent, respectively.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Exhibit A, Statement of Work, of the Agreement for Management and Operation of the County Airports directs the contractor to “develop and submit recommended fee schedules and rental rates annually for County approval.”

The Los Angeles County Aviation Commission at its May 25, 2016, meeting reviewed the recommendation and voted unanimously to support the recommended increase of the 2016-17 hangar rent nonaviation surcharge.

ENVIRONMENTAL DOCUMENTATION

The proposed project is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378 (b)(4) of the State CEQA Guidelines. This proposed action is a government fiscal activity that does not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This action will not have any impact on current services or projects.

CONCLUSION

Please return two adopted copies of this letter to the Department of Public Works, Aviation Division. Also, please forward one adopted copy to the Auditor-Controller, Accounting Division; Assessor, Possessory Interest Division; and County Counsel, Public Works Division.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER
Director

GF:RLS:jgv

c: Assessor (Possessory Interest Division)
Auditor-Controller (Accounting Division)
Chief Executive Office (Rochelle Goff)
County Counsel (Warren Wellen)
Executive Office